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RECORDING REQUESTED BY: Union Pacific Railroad Company Attention: Mike W. Casev General Director of Special Properties U.S. Bank Plaza 980 9th Street, Suite 2050 Sacramento, California 95814

WHEN RECORDED, MAIL TO: Department of Toxic Substances Control Northern California, Central Cleanup Operations 10151 Croydon Way, Suite 3 Sacramento, California 95827 Attention: James L. Tjosvold, Chief Site Mitigation Branch

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#### COVENANT TO RESTRICT USE OF PROPERTY (Health and Safety Code section 25355.5)

### **ENVIRONMENTAL RESTRICTION**

(Civil Code section 1471)

(Re: 7<sup>TH</sup> STREET CORRIDOR, FORMER SOUTHERN PACIFIC TRANSPORTATION COMPANY, SACRAMENTO LOCOMOTIVE WORKS, SACRAMENTO COUNTY, CALIFORNIA)

This Covenant and Agreement ("Covenant") is made by and between Union Pacific Railroad Company, a Delaware corporation (the "Covenantor"), the current owner of property situated in Sacramento, County of Sacramento, State of California, described in Section 1.01 of this Covenant and depicted in Exhibit "A", attached hereto and incorporated herein by this reference (the "Property"), and the State of California acting by and through the Department of Toxic Substances Control (the "Department"). Pursuant to Civil Code section 1471(c), the Department has determined that this Covenant is reasonably necessary to protect present or future human health or safety or the environment as a result of the presence on the land of hazardous materials as defined in Health and Safety Code ("H&SC") section 25260. The Covenantor and the Department, collectively referred to as the "Parties", hereby agree, pursuant to Civil Code section 1471(c) and H&SC sections 25222.1 and 25355.5 that the use of the Property be restricted as set forth in this Covenant and that this Covenant shall run with

#### ARTICLE ! STATEMENT OF FACTS

### 1.01. The legal description of the Property is:

The Property, known as the "7th Street Corridor" and as described in exhibits A1, B1, A2, and B2, is located within other real property known as the former Southern Pacific Transportation Company (SPTCo), Sacramento Locomotive Works. The SPTCo Sacramento Locomotive Works consists of approximately 240 acres of industrial property located immediately north of downtown Sacramento, east of the Sacramento river, and south of the American river. The SPTCo Sacramento Locomotive Works was SPTCo's primary locomotive maintenance, repair, and rebuilding facility since 1863. Based on historical use, the SPTCo Sacramento Locomotive Works was divided into six major study areas to facilitate characterization and remediation: Lagoon Study Area (LSA), Car Shop Nine Study Area (CNSA), Central Corridor Study Area (CCSA), Northern Shops Study Area (NSSA), Central Shops Study Area (CSSA), and Sacramento Station Study Area (SSSA). The 7th Street Corridor bisects three of these study areas; LSA, CNSA, and SSSA. Figure 1, attached, shows the general location and shape of the SPTCo Sacramento Locomotive Works. Figure 2, attached, shows the location and relationship of the six major study areas to the Property, 7th Street Corridor.

Historical activities and features for the LSA include the flood control levee on the north and northeastern sides of the property, and an industrial wastewater lagoon along the southern side of the levee. Other LSA features includes a former refuse dump, the Oil Storage Area, the Unit shop and associated wash pad, foundry activities, and the Pond and Ditch RCRA Unit.

Historically the CNSA served as the main shop for building, repair, and painting of railroad cars through the early 1980's. Significant features included underground storage tanks, sand blasting areas, painting sheds, and general office and rail yard operation buildings.

Historical activities for the SSSA have included foundry activities, right-of-way maintenance and company equipment facilities, a rail passenger terminal, passenger train and car maintenance, and other industrial uses. A Remedial Action Plan (RAP) for SSSA was approved on December 7, 1998.

Attached hereto and incorporated herein by this reference are Exhibits A1, B1, A2, and B2 that describe and depict the specific land subject to this covenant and restriction which is a portion of Assessor's Parcel Numbers 002-0010-005, 002-0010-033 and 002-0010-034. The Property is approximately **6.534** acres and is located within the SPTCo Sacramento Locomotive Works. The Property is now bounded on the north side by North B Street, on the south side by 2<sup>nd</sup> Street, on the west side by LSA, CCSA, and

RWQCB-CV

SSSA and on the east side by CNSA in Sacramento, Sacramento County, State of California.

1.02. The Property is being developed as public right-of-way, 7th Street, which will include utility corridors, pedestrian and bike paths, storm water control, and Light Rail. The proposed use of the property, public right-of-way, is consistent with the Departments approved RAPs for impacted study areas, which were based on commercial/industrial exposure scenarios. This Covenant will restrict the Property to non-residential uses only.

1.03 In June of 1988, the Department and Southern Pacific Transportation Company (SPTCo) entered into an Enforceable Agreement to characterize and remediate the SPTCo Sacramento Locomotive Works. The Enforceable Agreement ensures that the releases or threatened releases of hazardous substances or hazardous waste from the SPTCo Sacramento Locomotive Works are adequately investigated and that the appropriate remedial action has been selected by completion and approval of a RAP. In November 1994, the Department approved separation of soil and groundwater characterization and remediation to expedite remediation of soil contamination. Therefore, the approved RAPs, associated with the 7th Street Corridor Site, LSA, CNSA, and LSA are for the remediation of soil contamination only. Groundwater contamination is being characterized and remediated under the Lagoon Ground Water Study for the northern groundwater contamination and South Plume Ground Water Study for the southern groundwater contamination. The LSA and CNSA RAPs were approved on MARCH 31, 2000. Remedial activities specified in the RAPs for the LSA and CNSA, for those areas which the 7th Street Corridor crosses, was approved by the Department as complete on NOVEMBER 15, 2000. The remedial activities defined in the RAP for the entire SSSA were certified as complete by the Department on June 21, 1994.

In compliance with the RAP for the SSSA, soil contamination including, but not limited to, antimony, arsenic, lead, copper, and petroleum hydrocarbon was remediated. Investigation of groundwater contamination for the SSSA indicates that the groundwater contains, but is not limited to, vinyl chloride, 1,1 dichloroethane (DCA), 1,2 dichloroethene (DCE), trichloroethene (TCE), 1-4, Dioxane, methylnapthalene, tetrachloroethene (PCE), naphthalene, arsenic, and lead. Chronic exposure of lead has been known to cause learning deficits in children. The United States Environmental Protection Agency (USEPA) classifies lead as a probable human carcinogen. Exposure to arsenic has been shown to cause hyperkeratosis, anemia, skin cancer, and leukemia. Arsenic is classified by USEPA as a known human carcinogen. Chronic exposure to antimony may cause pneumoconiosis. DCA and DCE are classified by USEPA as probable human carcinogens. PCE and TCE are classified by USEPA as probable human carcinogens.

The LSA RAP identified soil contamination that included, but is not limited to, benzene, DCA, DCE, TCE, PCE, Benzo(a)pyrene (BAP), Benzo(a)anthracene (BAA),

<sup>7</sup>th Street Corridor Deed Restriction Page 3

Benzo(b)fluoranthene (BBF), Benzo(k)fluoranthene (BKF), antimony, arsenic, cadmium, lead, and petroleum hydrocarbon. Groundwater contamination associated with the LSA has been identified as containing, but not limited to, DCA, DCE, vinyl chloride, PCE, lead, and cadmium. In addition to the adverse health effects previously discussed, benzene and vinyl chloride are classified by USEPA as known human carcinogens. Exposure to cadmium has been known to cause heart, kidney, and lung disease. Cadmium is classified as a probable human carcinogen. BAP is classified by the USEPA as a probable human carcinogen.

The CNSA RAP identified soil contamination that included, but is not limited to, benzene, DCA, DCE, TCE, PCE, Benzo(a)pyrene (BAP), Benzo(a)anthracene (BAA), Benzo(b)fluoranthene (BBF), Benzo(k)fluoranthene (BKF), antimony, arsenic, cadmium, copper, lead, and petroleum hydrocarbon. Groundwater contamination associated with the LSA has been identified as containing, but not limited to, DCA, DCE, vinyl chloride, PCE, lead, and cadmium. BAP, BAA, BBF, and BKF are part of a group of polycyclic aromatic hydrocarbons compounds identified at the SPTCo Sacramento Locomotive Works classified by USEPA as probable human carcinogens.

#### ARTICLE II DEFINITIONS

- 2.01. <u>Department</u>. "Department" means the State of California by and through the Department of Toxic Substances Control and includes its successor agencies, if any.
- 2.02. Owner. "Owner" means the Covenantor, its successors in interest, and their successors in interest, including heirs and assigns, who at any time hold title to all or any portion of the Property.
- 2.03. <u>Occupant</u>. "Occupant" means Owners and any person or entity entitled by ownership, leasehold, or other legal relationship to the right to occupy any portion of the Property.

## ARTICLE III GENERAL PROVISIONS

3.01. Restrictions to Run with the Land. This Covenant sets forth protective provisions, covenants, restrictions, and conditions (collectively referred to as "Restrictions"), subject to which the Property and every portion thereof shall be improved, held, used, occupied, leased, sold, hypothecated, encumbered, and/or conveyed. Each and every Restriction: (a) runs with the land pursuant to H&SC section 25355.5(a)(1)(C) and Civil Code section 1471; (b) inures to the benefit of and passes with each and every portion of the Property; (c) is for the benefit of, and is enforceable by the Department; and (d) is imposed upon the entire Property unless expressly stated as applicable only to a specific portion thereof.

7th Street Corridor Deed Restriction Page 4

- 3.02. Binding upon Owners/Occupants. Pursuant to H&SC section 25355.5(a)(1)(c), this Covenant binds all owners of the Property, their heirs, successors, and assignees, and the agents, employees, and lessees of the owners, heirs, successors, and assignees. Pursuant to Civil Code section 1471(b), all successive owners of the Property are expressly bound hereby for the benefit of the Department.
- 3.03. Written Notice of the Presence of Hazardous Substances. Prior to the sale, lease or sublease of the Property, or any portion thereof, the owner, lessor, or sublessor shall give the buyer, lessee, or sublessee notice that hazardous substances are located on or beneath the Property, as required by H&SC section 25359.7.
- 3.04. Incorporation into Deeds, Leases and Subleases. The Restrictions set forth herein shall be incorporated by reference in each and all deeds, leases and subleases for any portion of the Property. Further, each Owner or Occupant shall include in any instrument conveying any interest in all or any portion of the Property, including but not limited to deeds, leases, and mortgages, a notice which is in substantially the following form:

NOTICE: THE INTEREST CONVEYED HEREBY IS SUBJECT TO AN ENVIRONMENTAL RESTRICTION AND COVENANT TO RESTRICT USE OF PROPERTY, RECORDED IN THE PUBLIC LAND RECORDS ON \_\_[DATE]\_\_, IN BOOK \_ , PAGE .. IN FAVOR OF AND ENFORCEABLE BY THE CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL.

3.05. Conveyance of Property. The Owner shall provide notice to the Department not later than thirty (30) days after any conveyance of any ownership interest in the Property (excluding mortgages, liens, and other non-possessory encumbrances). The Department shall not, by reason of this Covenant, have authority to approve, disapprove, or otherwise affect proposed conveyance, except as otherwise provided by law, by administrative order, or by a specific provision of this Covenant.

#### <u>ARTICLE IV</u> RESTRICTIONS

- 4.01. Prohibited Uses. The Property shall not be used for any of the following purposes:
  - A residence, including any mobile home or factory built housing, (a) constructed or installed for use as residential human habitation.
  - (b) A hospital for humans.
  - A public or private school for persons under 18 years of age. (C)
  - A day care center for children. (d)

4.02. Soil Management.

- (a) No activities that will disturb the soil (e.g., excavation, grading removal, trenching, filling, earth movement or mining) shall be allowed on the Property without a Soil Management Plan and a Health and Safety Plan approved by the Department.
- (b) Any contaminated soils brought to the surface by grading, excavation, trenching or backfilling shall be managed in accordance with all applicable provisions of state and federal law.
- (c) The Owner shall provide the Department written notice at least fourteen (14) days prior to any building, filling, grading, mining or excavating in the Property.
- 4.03. <u>Prohibited Activities</u>. The following activities shall not be conducted at the Property:

(a) Raising of food (livestock, food crops, etc.).

- (b) Drilling for water, oil, or gas without prior written approval by the Department.
- (c) Extraction of groundwater for purposes other than site remediation or construction dewatering.
- 4.04. Access for Department. The Department and its designees shall have reasonable right of entry and access to the Property for inspection, monitoring, and other activities consistent with the purposes of this Covenant as deemed necessary by the Department in order to protect the public health or safety, or the environment.

#### ARTICLE V ENFORCEMENT

5.01. Enforcement. Failure of the Covenantor, Owner or Occupant to comply with any of the Restrictions specifically applicable to it shall be grounds for the Department to require that the Covenantor or Owner modify or remove any improvements ("Improvements" herein shall mean all buildings, roads, driveways, and paved parking areas) constructed or placed upon any portion of the Property in violation of the Restrictions. All remedies available hereunder shall be in addition to any and all other remedies at law or in equity, including CERCLA, and violations of this Covenant shall be grounds for the Department to file civil or criminal actions as provided by law or equity, including but not limited to, nuisance or abatement against the Owner or Occupant as provided by law. Additionally, the State of California and the Department shall have all remedies as provided in California Civil Code Section 815.7 as that enactment may be from time to time amended.

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7th Street Corridor Deed Restriction Page 6

### ARTICLE VI VARIANCE, TERMINATION, AND TERM

- 6.01. <u>Variance</u>. Covenantor, or any other aggrieved person, may apply to the Department for a written variance from the provisions of this Covenant. Such application shall be made in accordance with H&SC section 25233. The Department will grant the variance only after finding that such a variance would be protective of human, health, safety and the environment.
- 6.02 <u>Termination</u>. Covenantor, or any other aggrieved person, may apply to the Department for a termination of the Restrictions or other terms of this Covenant as they apply to all or any portion of the Property. Such application shall be made in accordance with H&SC section 25234. No termination or other terms of this Covenant shall extinguish or modify the retained interest held by the Covenantor.
- 6.03 <u>Term.</u> Unless ended in accordance with the Termination paragraph above, by law, or by the Department in the exercise of its discretion, this Covenant shall continue in effect in perpetuity.

#### ARTICLE VII MISCELLANEOUS

- 7.01. <u>No Dedication Intended</u>. Nothing set forth in this Covenant shall be construed to be a gift or dedication, or offer of a gift or dedication, of the Property, or any portion thereof to the general public or anyone else for any purpose whatsoever. Further, nothing set forth in this Covenant shall be construed to effect a taking under federal or state law.
- 7.02. <u>Department References</u>. All references to the Department include successor agencies/departments or other successor entity.
- 7.03. <u>Recordation</u>. The Covenantor shall record this Covenant, with all referenced Exhibits, in the County of Sacramento within ten (10) days of the Covenantor's receipt of a fully executed original.
- 7.04. <u>Notices</u>. Whenever any person gives or serves any Notice ("Notice" as used herein includes any demand or other communication with respect to this Covenant), each such Notice shall be in writing and shall be deemed effective:
  - (1) when delivered, if personally delivered to the person being served or to an officer of a corporate party being served, or
  - (2) three (3) business days after deposit in the mail, if mailed by United States mail, postage paid, certified, return receipt requested:

To Owner:

Union Pacific Railroad Company Attention: Mike W. Casey General Director of Special Properties U.S. Bank Plaza 980 9th Street, Suite 2050 Sacramento, California 95814

To Department:
Department of Toxic Substances Control
Northern California, Central Cleanup Operations Branch
10151 Croydon Way, Suite 3
Sacramento, California 91201
Attention: Mr. James L. Tjosvold, Branch Chief

Any party may change its address or the individual to whose attention a Notice is to be sent by giving written Notice in compliance with this paragraph.

7.05. <u>Partial Invalidity</u>. If any portion of the Restrictions or other term set forth herein is determined by a court of competent jurisdiction to be invalid for any reason, the surviving portions of this Covenant shall remain in full force and effect as if such portion found invalid had not been included herein.

7.06 <u>Statutory References.</u> All statutory references include successor provisions. IN WITNESS WHEREOF, the Parties execute this Covenant.

Covenantor: Union Pacific Railroad Company

By:

Name: M W CASE

Title: GENERI CIRETER

Date: 5/7/01

Department of Toxic Substances Control

By:

Name:

Title:

Date:

Branch Chief

June >, 2001

7th Street Corridor Deed Restriction Page 8

STATE OF CALIFORNIA	)
COUNTY OF <u>Sacramento</u>	
On this 950 day of 1/2001	in the year
Mahay Carre	A Notocu Public, personally appeare
personally known to me (or proved to me o the person <del>(s)</del> whose name( <del>s)</del> is /are-subsc acknowledged to me that he/she/they exec capacity( <del>ies)</del> , and that by his/her/their signs the entity upon behalf of which the person(s	ribed to the within instrument and uted the same in his/her/their authorized sture(s) on the instrument the person(s) or

Signature

L ROBIN ROBERTS
Commission # 1210554
Notary Public - California
Les Angeles County
My Comm. Spires Feb 11, 2003

STATE OF CALIFORNIA )
COUNTY OF SACRAMENTO
On this 5TH day of JUNE, in the year
before me CRAIG L. WANLOUST personally appeared
JAMES TOSVOLD
personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(a) whose name(s) is /are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(jes), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.
WITNESS my hand and official seal.

Deed Restriction Exhibit Al

Union Pacific Railroad Company A.P.N. 002-0010-033 & 002-0010-034 January 31, 2001 Sheet 1 of 2

# EXHIBIT "A" LEGAL DESCRIPTION

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of Parcel A as said parcel is shown on that certain map filed in Book 120 of Parcel Maps, at Page 10, Sacramento County Records, said property being described as follows:

COMMENCING at a at the easterly terminus of that certain course having a bearing and distance of "North 78°42'45" East 263.39 feet" on the generally northeasterly line of Parcel A as shown upon that certain map filed in on Book 120 of Parcel Maps, at Page 10, Sacramento County Records, thence along said line South 78°42'45" West 199.80 feet to the beginning of a curve not tangent to the last mentioned course, concave easterly, having a radius of 8412.00 feet to which point a radial line bears North 73°18'32" West said point being the POINT OF BEGINNING; thence leaving last said line and along said curve through a central angle of 0°21'18" an arc distance of 52.11 feet (said curve being subtended by a chord which bears South 16°30'49" West 52.11 feet) to a point on the easterly line of said Parcel A, said point also being the beginning of a non-tangent curve, concave southeasterly, having a radius of 347.00 feet, to which point a radial line bears North 34°33'31" West; thence along said easterly line the following three (3) courses: 1) along said curve through a central angle of 28°28'26" an arc distance of 172.45 feet (said curve being subtended by a chord which bears South 41°12'16" West 170.68 feet); 2) South 40°07'56" West 34.84 feet; 3) South 18°19'02" West 880.32 feet; thence leaving last said line North 71°41'04" West 8.19 feet to the beginning of a nontangent curve, concave northwesterly, having a radius of 8452.00 feet, to which point a radial line bears South 71°41'04" East; thence along said curve through a central angle of 03°57'08" an arc distance of 583.03 feet (said curve being subtended by a chord which bears North 16°20'21" East 582.91 feet); thence North 14°21'47" East 189.13 feet to the beginning of a curve, concave southeasterly, having a radius of 8548.00 feet; thence along said curve through a central angle of 1°48'01" an arc distance of 268.59 feet (said curve being subtended by a chord which bears North 15°15'48" East 268.59 feet) to the northerly line of said Parcel A, said point also being on a non-tangent curve, concave southerly, having a radius of 739.08 feet, to which point a radial line bears North 18°31'35" West; thence along last said line the following two (2) courses: 1) along said curve through a central angle of 7°14'20" an arc distance of 93.38 feet

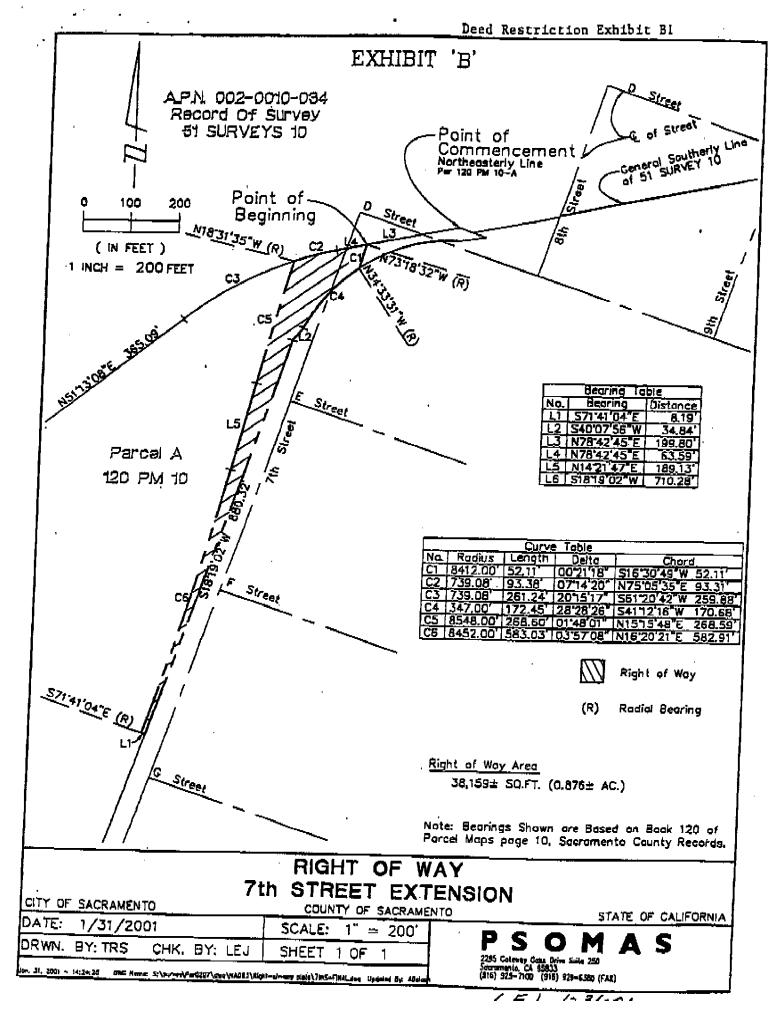
Union Pacific Railroad Company A.P.N. 002-0010-033 & 002-0010-034 January 31, 2001 Sheet 2 of 2

(said curve being subtended by a chord which bears North 75°05'35" East 93.31 feet); 2) North 78°42'45" East 63.59 feet to the point of beginning.

Containing 38,156 Square feet (0.876 Acres) more or less.

Bearings for this description are identical to said map filed in Book 120 of Parcel Maps at Page 10.





#### Deed Restriction Exhibit A2

Union Pacific Railroad Company A.P.N. 002-0010-005 & 002-0010-034 January 31, 2001 Sheet 1 of 2

# EXHIBIT "A" LEGAL DESCRIPTION

All that real property situated in the City of Sacramento, County of Sacramento, State of California, being a portion of land shown on that certain Record of Survey filed in Book 51 of Surveys, at Page 10, Sacramento County Records, said property being described as follows:

COMMENCING at a at the easterly terminus of that certain course having a bearing and distance of "North 78°42'45" East 263.39 feet" on the generally northeasterly line of Parcel A as shown upon that certain map filed in on Book 120 of Parcel Maps, at Page 10, Sacramento County Records, thence along said line South 78°42'45" West 199.80 feet to a the POINT OF BEGINNING; thence continuing along said line South 78°42'45 West 63.59 feet to the beginning of a curve, concave southerly, having a radius of 739.08 feet, thence along said curve through a central angle of 7°14'20" an arc distance of 93.38 feet (said curve being subtended by a chord which bears South 75°05'35" West 93.31 feet) to the beginning of a non-tangent curve, concave southeasterly, having a radius of 8548.00 feet, to which point a radial line bears North 73°50'11" West; thence leaving said line and along said curve through a central angle of 5°58'12" an arc distance of 890.65 feet (said curve being subtended by a chord which bears North 19°08'54" East 890.25 feet); thence North 22°08'00" East 241.12 feet to the beginning of a curve, concave northwesterly, having a radius of 8452.00 feet; thence along said curve through a central angle of 3°39'34" an arc distance of 539.83 feet (said curve being subtended by a chord which bears North 20°18'13" East 539.74 feet); thence North 18°28'26" East 58.35 feet; thence North 71°31'34" West 40.00 feet; thence North 18°28'26" East 97.04 feet to the centerline of North "B" Street, said line also being on the general northerly line of said map filed in Book 51 of Surveys , at Page 10; thence along said centerline and said northerly line South 71°39'03" East 176.00 feet; thence leaving last said line South 18°28'26" West 155.77 feet to the beginning of a curve, concave northwesterly, having a radius of 8588.00 feet; thence along said curve through a central angle of 3°39'34" an arc distance of 548.52 feet (said curve being subtended by a chord which bears South 20°18′13" West 548.42 feet); thence South 22°08′00" West 241.12 feet to the beginning of a curve, concave southeasterly, having a radius of 8412.00 feet; thence along said curve through a central angle of 5°26'32" an arc distance of 799.00 feet

Union Pacific Railroad Company A.P.N. 002-0010-005 & 002-0010-034 January 31, 2001 Sheet 2 of 2

(said curve being subtended by a chord which bears South 19°24′44" West 798.70 feet) to the point of beginning.

Containing 246,470 Square feet (5.658 Acres) more or less.

Bearings for this description are identical to said map filed in Book 51 of Surveys at Page 10.

End of description

